Wine for Sacramental Purposes

Tax Expenditure Initial Review - TEB 7.1.05

Tax Expenditure Facts

Year Enacted	1937
Statute	Minnesota Statutes 2025, section 297G.07, subdivision 1(7) and section 340A.316
Tax Type	Alcoholic Beverages
Provision Type	Exemption – Alcoholic Beverages
Latest Fiscal Impact Estimate	Direct measure of this estimate is not currently available
Latest Claims Estimate	Direct measure of this estimate is not currently available
Expiration Date	None

Estimated fiscal impact is less than $50,000 per year through fiscal year 2027

Tax Expenditure Description

Sales of wine to a minister, rabbi, or priest of a church or other established religious organization exclusively for sacramental purposes are not subject to the alcoholic beverage excise tax.

Additional Background Information

Beneficiaries of the sacramental wine exemption include ministers, rabbis, priests and all churches or other established religious organizations that purchase wine exclusively for sacramental purposes. Exemptions for the religious use of wine can be traced to the Volstead Act where specific religious groups and clergy members were authorized to purchase and use wine for sacramental and religious purposes during Prohibition.[i]

The statute was updated in 2014 to account for the sale of sacramental wine at qualifying religious book or supply stores. Annual licenses can be issued to qualifying religious book or supply stores for the sale and importation of sacramental wine for an annual fee of $50. Rabbis, priests, and ministers of churches or established religious organizations do not need a license to import wine exclusively for sacramental purposes.[ii]

This exemption is administered by the Department of Revenue. The excise tax on alcoholic beverages is enforced by the Department of Public Safety. The impacted state fund is the state General Fund. A religious organization must have a sales tax exemption certificate from the Department of Revenue to purchase sacramental wine without paying sales tax. The exemption applies to all wines sold for sacramental use. There is no dollar limit on the exemption.

Proposed Tax Expenditure Objective for Consideration

The objective of the alcoholic beverage tax exemption for the sacramental wine purchased by religious organizations is to extend the tax-exempt status of religious advancement activities to these purchases, thereby reducing costs to religious organizations.

Sources

An explicit tax expenditure objective was not identified in the legislative record; however, a review of the historical treatment of sacramental wine by state and federal law shows an inclination to grant exemptions to religious organizations.[iii] Churches and other religious organizations serve a tax-exempt purpose under the Internal Revenue Code Section 501(c)(3) because they advance religion.[iv]

The exemption language allows continued use of wine in religious practices and rituals. It ensures that religious organizations can acquire and use sacramental wine for their religious rituals without being burdened by certain taxes and regulations.

Potential Metrics and Performance Measures

Estimate the number of likely participating places of worship and qualifying suppliers of books and religious supplies to understand exemption participation.

Contact Information and Disclaimer

This tax expenditure review was prepared by the Legislative Budget Office for the Tax Expenditure Review Commission pursuant to Minnesota Statutes 2025, section 3.8855, subdivision 4.

Notice: Proposed Tax Expenditure Objective statements are not binding authority and should not be used as a legal interpretation of any tax expenditure statute.

For questions regarding this review, please contact the Legislative Budget Office at 651-297-7146 or lbo@lbo.mn.gov.

For more information, please visit the Tax Expenditure Review Commission website.

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[i] Library of Congress. 18th Amendment to the U.S. Constitution: Primary Documents in American History accessed on 08/27/2026. https://www.loc.gov/rr/main/images/volstead-act.pdf

[ii] Minnesota Statutes 2025, section 340A.316

[iii] Church of the Lukumi Babalu Aye, Inc. and Ernesto Picharado, Petitioners vs City of Hialeach. Supreme Court of the United States. No. 91-948

[iv] Internal Revenue Service. December 4, 2023. https://www.irs.gov/charities-non-profits/charitable-organizations/exempt-purposes-internal-revenue-code-section-501c3.